

CITY COURT OF PORT ALLEN, LOUISIANA

**A COMPONENT UNIT OF
THE CITY OF PORT ALLEN, LOUISIANA**

FINANCIAL REPORT

DECEMBER 31, 2011

CITY COURT OF PORT ALLEN, LOUISIANA

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December 31, 2011

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CALVIN L. ROBBINS, JR.
CERTIFIED PUBLIC ACCOUNTANT
(A PROFESSIONAL CORPORATION)

INDEPENDENT AUDITOR'S REPORT

To the Honorable William T. Kleinpeter, Judge
City Court of Port Allen, Louisiana
Port Allen, Louisiana

I have audited the basic financial statements of the City Court of Port Allen, Louisiana, a component unit of the City of Port Allen as of and for the year ended December 31, 2011, as listed in the foregoing table of contents. These financial statements are the responsibility of the City Court of Port Allen, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City Court of Port Allen, Louisiana as of December 31, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States Of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 26, 2012 on my consideration of the City Court of Port Allen, Louisiana internal control over financial reporting, and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

City Court of Port Allen, Louisiana

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and budgetary comparison information on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Certified Public Accountant
(A Professional Corporation)

June 26, 2012
Baton Rouge, Louisiana

CITY COURT OF PORT ALLEN, LOUISIANA

December 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City Court of Port Allen provides an overview of the Court's activities for the year ended December 31, 2011. Please read it in conjunction with the Court's financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011 fiscal year include the following:

- The Court's net assets increased by \$76,496.
- Program revenues of the Court were \$402,533.
- The total expenditures/expenses of the Court were \$329,749.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Court's basic financial statements. The Court's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. These components are described below:

BASIC FINANCIAL STATEMENTS

The basic financial statements include two kinds of financial statements that present different views of the Court – the *Government-wide Financial Statements* and *Fund Financial Statements*. These financial statements also include the *Notes to the Financial Statements* that explain some of the information in the financial statements and provide additional detail.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Court's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Court's financial position, which assists users in assessing the Court's economic condition at the end of the

CITY COURT OF PORT ALLEN, LOUISIANA

December 31, 2011

year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenditures connected with the year even if cash has not been received or paid. The Court's financial statements contain only governmental activities. The government-wide financial statements include two statements.

- The **Statement of Net Assets** presents all of the Court's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Court's net assets may serve as a useful indicator of whether the financial position of the Court is improving or deteriorating.
- The **Statement of Activities** presents information showing how the Court's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Court are divided into two categories: governmental funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed

CITY COURT OF PORT ALLEN, LOUISIANA

December 31, 2011

short-term view of the Court's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Court.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, users may better understand the long-term impact of the Court's near-term financing decisions. Due to the nature of the operations there were no differences between the fund financial statements and the government-wide financial statements.

- **Fiduciary Funds.** Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the court are agency funds. The agency funds account for assets held by the court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

The Court has one governmental fund and two fiduciary funds.

The funds financial statements can be found immediately following the government-wide financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

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December 31, 2011

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Assets

Net assets may serve over time as a useful indicator of the Court's financial position. The Court's assets exceed liabilities by \$501,909 and \$425,413 as of December 31, 2011 and 2010, respectively.

	Governmental Activities	
	2011	2010
Assets	\$ 524,279	\$ 450,377
Liabilities	22,370	24,964
Total Net Assets	\$ 501,909	\$ 425,413

Change in Net Assets

The Court's net assets increased by \$76,496 (18%) during the year ended December 31, 2011 compared to an increase of \$72,414 (21%) during the prior year. The percentage of the Court's total revenues derived from program revenue during the current year decreased by \$22,555 (5%). Expenses decreased \$24,744 (7%) due primarily to a decrease in both staff salaries of \$4,893 and miscellaneous expenditures of \$18,274.

	Governmental Activities	
	2011	2010
Revenues		
Program Revenues:		
General government-Judiciary	\$ 402,533	\$ 425,086
General Revenues:		
Investment Income	3,712	1,821
Total Revenues	406,245	426,907
Total Expenses - Judiciary	329,749	354,493
Increase in Net Assets	76,496	72,414
Net Assets - Beginning of Year	425,413	352,999
Net Assets - End of Year	\$ 501,909	\$ 425,413

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December 31, 2011

FINANCIAL ANALYSIS OF THE COURT'S INDIVIDUAL FUNDS

As noted earlier, the Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Court's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As a measure of the Court's liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 146% of total fund expenditures.

The fund balance of the Court increased by \$74,947 during the current year.

BUDGETARY HIGHLIGHTS

The Court received \$23,106 less than budgeted revenues, with the majority of this deficiency generated by an unfavorable variance in court fees, fines, and cost of \$23,717. Total expenditures were \$55,053 less than the budget, largely due to general and administrative and office expense and maintenance costs being less than anticipated.

CITY COURT OF PORT ALLEN, LOUISIANA

December 31, 2011

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2011, amounts to \$19,846 (net of accumulated depreciation of \$36,301). This investment in capital assets includes leasehold improvements and office furniture and equipment. The total increase in the District's investment in capital assets for 2011 was \$1,549 (8.5%).

DISTRICT'S CAPITAL ASSETS (net of accumulated depreciation)

	2011	2010
Equipment	\$ 5,801	\$ 1,964
Furniture & Fixtures	4,098	6,026
Leasehold Improvements	9,947	10,307
Total Net Assets	<u>\$ 19,846</u>	<u>\$ 18,297</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Management is unable to predict revenue as it is dependent on the level of tickets issued and the civil proceedings filed with the Court. Therefore, the budget for the year ending December 31, 2012 is set based on the actual revenue and expenditures of the previous year.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to William Kleinpeter, Judge, City Court of Port Allen, Louisiana at 330S. Alexander Avenue, Port Allen, LA 70767.

CITY COURT OF PORT ALLEN, LOUISIANA

Basic Financial Statements

December 31, 2011

CITY COURT OF PORT ALLEN, LOUISIANA

Government-Wide Financial Statements

December 31, 2011

CITY COURT OF PORT ALLEN, LOUISIANA

Statement of Net Assets

December 31, 2011

ASSETS

Cash	\$ 299,021
Certificates of Deposit	144,855
Investments	41,638
Due from other funds	18,919
Capital assets, net	<u>19,846</u>

Total Assets	<u>524,279</u>
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LIABILITIES

Due to other governments	14,757
Accrued expenses	<u>7,613</u>

Total Liabilities	<u>22,370</u>
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NET ASSETS

Invested in capital assets	19,846
Net assets unrestricted, undesignated	<u>482,063</u>

Total Net Assets	<u>\$ 501,909</u>
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CITY COURT OF PORT ALLEN, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2011

	Governmental		
	Program		Activities
	Revenues	Charges for	Net
		Services, Fines, and Changes	Revenues
	Expenses	and Forfeitures	in Net Assets
Functions/programs			
General government-Judiciary	\$ 329,749	\$ 402,533	\$ 72,784
General revenues:			
Investment income			3,712
Change in net assets			76,496
Net assets - beginning			425,413
Net assets - ending			\$ 501,909

CITY COURT OF PORT ALLEN, LOUISIANA

Fund Financial Statements

December 31, 2011

CITY COURT OF PORT ALLEN, LOUISIANA

Balance Sheet-Governmental Fund

December 31, 2011

ASSETS

Current Assets

Cash	\$ 299,021
Certificates of Deposit	144,855
Investments	41,638
Due from other funds	<u>18,919</u>

Total Assets	\$ 504,433
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LIABILITIES AND FUND BALANCE

Current Liabilities

Due to other governments	\$ 14,757
Accrued expenses	<u>7,613</u>

Total Liabilities	22,370
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Fund Balance

Unassigned, reported in general fund	<u>482,063</u>
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Total Liabilities and Fund Balance	\$ 504,433
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CITY COURT OF PORT ALLEN, LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets

December 31, 2011

Total fund balance for the governmental fund at December 31, 2011 \$ 482,063

Total net assets reported for governmental activities in the statement
of net assets is different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the fund. Those
assets consist of :

Furniture, equipment and leasehold improvements, net of
accumulated depreciation of \$ 36,301 19,846

Total net assets of governmental activities at December 31, 2011 \$ 501,909

CITY COURT OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures, and

Year Ended December 31, 2011

Changes in Fund Balance - Governmental Fund

REVENUES

Court fees	\$ 256,283
Intergovernmental	146,250
Investment income	<u>3,712</u>
Total revenues	<u>406,245</u>

EXPENDITURES

Current	
General and administration	40,957
Travel	11,595
Dues and Subscriptions	1,165
Office expense and maintenance	21,636
Personnel expenses	249,499
Capital outlay	<u>6,446</u>
Total expenditures	<u>331,298</u>

Net change in fund balance	74,947
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Fund balance, beginning	<u>407,116</u>
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Fund balance, ending	<u><u>\$ 482,063</u></u>
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CITY COURT OF PORT ALLEN, LOUISIANA

*Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of
Governmental Fund to the Statement of Activities*

For the Year Ended December 31, 2011

Total net change in fund balance at December 31, 2011 per statement of revenues, expenditures and changes in fund balance	\$	74,947
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The change in net assets reported for the governmental activities in the
statement of activities is different because:

Capital Outlay	\$	6,446	
Depreciation expense		<u>(4,897)</u>	
			<u>1,549</u>

Total net change in net assets of governmental activities at December 31, 2011	\$	<u>76,496</u>
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Statement of Fiduciary Net Assets

December 31, 2011

	Fines, Fees and Court Cost	Civil	Total
Assets			
Cash	<u>\$ 108,150</u>	<u>\$ 44,464</u>	<u>\$ 152,614</u>
Liabilities			
Held for others pending court action	44,609	40,141	84,750
Due to other funds	16,189	2,730	18,919
Due to other governments	<u>47,352</u>	<u>1,593</u>	<u>48,945</u>
Total liabilities	<u>108,150</u>	<u>44,464</u>	<u>152,614</u>
Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Statement of Changes in Fiduciary Net Assets

For the Year Ended December 31, 2011

	Fines, Fees and Court Cost	Civil	Total
Additions			
Deposits	<u>\$ 1,089,608</u>	<u>\$ 75,016</u>	<u>\$ 1,164,624</u>
Deductions			
Deposits settled to:			
Intergovernmental	833,025	6,243	839,268
Personnel services	-	67,845	67,845
General and administration	-	160	160
Postage	-	768	768
Transfer to general fund	<u>256,583</u>	<u>-</u>	<u>256,583</u>
Total deductions	<u>1,089,608</u>	<u>75,016</u>	<u>1,164,624</u>
Change in net assets	-	-	-
Net assets at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

INTRODUCTION

The City Court of Port Allen, Louisiana (the "City Court") was established by the State of Louisiana. It has jurisdiction over all of Ward III in West Baton Rouge Parish. The City Court is governed by one Judge. The City Court maintains a courtroom and offices in Port Allen, Louisiana. Revenues for the City Court include court costs assessed on civil and criminal cases handled by the Court and other revenues. Major expenditures of the City Court include personnel services and other expenditures.

1. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying basic financial statements of the City Court of Port Allen, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Codification Sec. 2600, *Reporting Entity and Component Unit Presentation and Disclosure*.

Reporting Entity. The City Court Judge is an independently elected official. However, the City Court is fiscally dependent on the City of Port Allen, Louisiana for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the City Court is fiscally dependent on the City, the City Court was determined to be a component unit of the City of Port Allen, Louisiana, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the City Court and do not present information on the City of Port Allen, Louisiana, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Fund Accounting. The City Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain court functions and activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

Equity Classifications.

Government-Wide Financial Statements.

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at December 31, 2011.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements.

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as follows.

The City Court adopted the provisions of GASB Codification Sec. 1300, *Fund Accounting* in the year ended December 31, 2011. As such, fund balances of the governmental fund are classified as follows:

Nonspendable – amount that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal decision of the Judge. The Judge, as the highest level of decision-making authority, can

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

establish, modify or rescind a fund balance commitment. For assigned fund balance the Judge authorizes management to assign amounts for a specific purpose.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

It is the City Court's policy to spend unrestricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is the City Court's policy to spend committed or assigned fund balances first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City Court does not have any policy regarding minimum fund balance amounts.

Governmental Funds. Governmental funds account for all or most of the City Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental fund according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the City Court. The following is the City Court's governmental fund:

General Fund. The general fund is the primary operating fund of the court and it accounts for all financial resources, except those required to be accounted for in other funds. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to court policy.

Fiduciary Fund. Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the City Court are agency funds. The agency funds account for assets held by the court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

Measurement Focus/Basis of Accounting.

Government-Wide Financial Statements (GWFS). The Statement of Net Assets and Statement of Activities display information about the City Court's office as a whole. These statements include

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

all the financial activities of the City Court's office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Codification Sec. N50, *Nonexchange Transactions*.

Program Revenues. Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the City Court's office general revenues.

Fund Financial Statements (FFS). The amounts reflected in the Governmental Fund Statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the City Court's office operations.

The amounts reflected in the Governmental Fund Statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Revenues are generally recognized under the modified accrual basis of accounting when the related asset becomes both measurable and available.

Expenditures. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation. A reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets is provided on page 15. A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities is provided on page 17.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

Budgets. The proposed budget for the 2011 fiscal year was made available for public inspection at the City Court's office on December 13, 2010. The budget is legally adopted and amended, as necessary, by the City Court Judge. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments, if applicable.

The budget for the General Fund is prepared on a basis that is consistent with generally accepted accounting principles (GAAP). However, the Court does not budget on-behalf payments (see Note 7); therefore, adjustments were made on page 32 to remove on-behalf payments from the actual amounts for comparison purposes to the budgeted amounts.

Cash and Cash Equivalents. Cash includes amounts in demand deposits. Cash equivalents would include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and include Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at market value. Interest is accrued as earned.

Capital Assets. Capital assets are capitalized at historical cost or estimated cost. The Court maintains a threshold level of \$2,500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

Description	Estimated Lives
Leasehold improvements	39
Furniture and fixtures	10
Equipment	5

Risk Management. The City Court is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City Court is covered by insurance provided by the City of Port Allen at levels

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

which management believes is adequate to protect the City Court. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events. Subsequent events have been evaluated through June 26, 2012, which is the date the financial statements were issued.

2. Deposits

At December 31, 2011, the City Court of Port Allen has cash in demand deposit accounts with a book balance of \$451,635 including \$152,614 attributable to fiduciary funds, which is not presented in the statement of net assets. The City Court of Port Allen also has certificates of deposit accounts with a book balance of \$144,855.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, the Court has \$594,546 in deposits (collective bank balances). These deposits are secured from risk by federal deposit insurance.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

3. Investments

As of December 31, 2011, the change in the Court's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, December 31, 2010	\$ 41,520	\$ 41,520
Add:		
Investment purchases	72	72
Balance December 31, 2011	\$ 41,592	\$ 41,592

Investments held at the City Court of \$41,592 are invested in the Louisiana Asset Management Pool (LAMP), a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

- Interest rate risk: 2a7 like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7 like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2011 are as follows:

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

Governmental Activities	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Equipment	\$ 44,921	\$ 6,446	\$ 28,522	\$ 22,845
Furniture and fixtures	19,281	-	-	19,281
Leasehold improvements	14,021	-	-	14,021
Total	78,223	6,446	28,522	56,147
Less accumulated depreciation:				
Equipment	42,956	2,609	28,522	17,043
Furniture and fixtures	13,254	1,928	-	15,182
Leasehold improvements	3,716	360	-	4,076
Total	59,926	4,897	28,522	36,301
Capital assets, net	\$ 18,297	\$ 1,549	\$ -	\$ 19,846

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

5. Retirement Commitments

Louisiana State Employees' Retirement System (LASERS)

Plan Description and Provisions. The City Court's Judge participates in the LASERS, a statewide cost sharing multiple employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability, and survivor benefits to plan members and beneficiaries. Benefits are established and amended by state statute. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225) 922-0600. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

Description of Funding Policy. The City Court Judge is required by State statute to contribute 11.5% of his annual covered salary and the City Court is required to contribute at an actuarially determined rate. The current employer rate is 31.8% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City Court's contributions to LASERS for the years ended December 31, 2011, 2010 and 2009, were \$11,265, \$7,918, and \$5,449 respectively, and were equal to the required contributions for each year.

6. Related Party Transactions

The City of Port Allen, Louisiana incurs expenditures on behalf of the City Court. During the year ended December 31, 2011, the City paid the expenditures for other services and supplies in the amount of \$9,682 on behalf of the City Court, which are not included in the accompanying financial statements.

The City Court distributes a portion of all fines collected to the City. During the year ended December 31, 2011, the portion of fines collected by the City Court, which were available for distribution to the City, totaled \$71,293. The City Court has agreed to reimburse the City for a portion of two of the City Court's employees. Under this agreement, the City Court incurred cost of \$56,005.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2011

7. On-Behalf Payments for Fringe Benefits and Salaries

In accordance with GASB Codification N50, *Non-exchange Transactions*, Sec. 129 on-behalf payments for fringe benefits and salaries are recognized as revenues and expenditures in these financial statements. The following on-behalf payments are shown as intergovernmental revenue in these financial statements. An equal amount has been included as expenditures in the personal services category.

City of Port Allen	\$ 81,961
State of Louisiana	43,261
West Baton Rouge Parish	<u>3,129</u>
	<u>\$ 128,351</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Required Supplemental Information

December 31, 2011

CITY COURT OF PORT ALLEN, LOUISIANA

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) -
Governmental Fund Type - General Fund

For the Year Ended December 31, 2011

	Actual Basis	Adjustment to Budget Basis	Actual (Budgetary Basis)	Budget		Variance Favorable (Unfavorable)
				Original	Final	
Revenues						
Court fees, fines, and cost	\$ 256,283	\$ -	\$ 256,283	\$ 280,000	\$ 280,000	\$ (23,717)
Intergovernmental	146,250	(128,351) (1)	17,899	15,000	15,000	2,899
Interest	3,712	-	3,712	6,000	6,000	(2,288)
Total revenues	406,245	(128,351)	277,894	301,000	301,000	(23,106)
Expenditures						
Current						
General and administration	40,957	-	40,957	70,000	70,000	29,043
Travel	11,595	-	11,595	12,000	12,000	405
Dues and subscriptions	1,165	-	1,165	1,000	1,000	(165)
Office expense and maintenance	21,636	-	21,636	60,000	60,000	38,364
Personnel expenses	249,499	(128,351) (1)	121,148	110,000	110,000	(11,148)
Total current expenditures	324,852	(128,351)	196,501	253,000	253,000	56,499
Capital outlays	6,446	-	6,446	5,000	5,000	(1,446)
Total expenditures	331,298	(128,351)	202,947	258,000	258,000	55,053
Revenues Over (Under) Expenditures	74,947	-	74,947	43,000	43,000	31,947
Fund Balance						
Beginning	407,116	-	407,116	407,116	407,116	328,256
Ending	\$ 482,063	\$ -	\$ 482,063	\$ 450,116	\$ 450,116	\$ 360,203

Explanation of differences:

(1) On-behalf payments are reflected as revenue and an expenditure in the City Court's financial statement as required by GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. Actual amounts are reconciled on a non-GAAP basis for comparison to budget.



CALVIN L. ROBBINS, JR.

CERTIFIED PUBLIC ACCOUNTANT

(A PROFESSIONAL CORPORATION)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable William T. Kleinpeter, Judge
City Court of Port Allen, Louisiana

I have audited the financial statements of City Court of Port Allen, Louisiana, as of and for the year ended December 31, 2011, and have issued my report thereon dated June 26, 2012. I have conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered City Court of Port Allen, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Port Allen, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Bureau's control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a deficiency in internal control over financial reporting that I considered to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Significant Deficiency

1. An important element in designing an internal accounting control system that safeguards assets and reasonably insures the reliability of the accounting records is the concept of segregation of responsibilities. No one person should be assigned duties that would allow that person to commit an error or perpetrate fraud and to conceal the error or fraud. For example, the same person should not be responsible for any two of the following functions:

- 1) Authorization of a transaction;
- 2) Recording of the transaction; and
- 3) Custody of assets involved in the transaction.

Due to the small size of the organization, a proper segregation of duties is not possible with respect to cash transactions.

Entity Response

Management believes it is not practical or cost effective to correct this weakness. This is a repeat finding.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, I believe that the significant deficiency reported in Item 1 above is a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City Court of Port Allen, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City Court of Port Allen, Louisiana's managements' responses to the deficiencies identified in our audit are described above. I did not audit those responses and accordingly express no opinion on them.

This report is intended solely for the information of the Judge of the City Court of Port Allen, Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant
(A Professional Corporation)

June 26, 2012
Baton Rouge, Louisiana